



INSIGHTS

108th Congress

September 15, 2003

*Also available on the FEMP Home Page at
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Weekly Summary

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INSIGHTS is prepared expressly for the Department of Energy's Office of Federal Energy Management Programs (FEMP). The purpose of ***INSIGHTS*** is to provide FEMP management staff with timely information on legislative activities relevant to the program. ***INSIGHTS*** is prepared for FEMP by Energetics, Incorporated, (202) 479-2748.

I. WEEKLY SUMMARY

CONGRESSIONAL SCHEDULE

House

There are no House activities of interest scheduled for this week.

Senate

Senate activities of interest this week include the following:

- Committee on Environment and Public works will consider the nomination of Michael Leavitt, Governor of Utah for Administrator of the Environmental Protection Agency

CONFERENCE COMMITTEES/VOTES

Comprehensive Energy Legislation Last week, Senator Pete Domenici (R/NM), Chair of the Conference Committee and the Committee on Energy and Natural Resources and Representative Billy Tauzin (R/LA), Chair of the Committee on Energy and Commerce met to reconcile differences between the House and Senate bills and draft a bill to present to conferees. Once new sections of the bill have been drafted, the provisions will be released by committee staff to the 58-member conference committee. The conference committee will address the least controversial issues first and then move on to resolving differences over more controversial titles including electricity, tax incentives, and drilling in the Arctic National Wildlife Refuge. *Early this week, titles dealing with energy efficiency and renewable energy are expected to be released in the form of a “chairman’s mark”* followed later in the week with titles on hydrogen, coal, oil, and natural gas. Chairman Domenici has targeted passage of the bill by the beginning of October.

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II. COMMITTEE ACTIVITY

HOUSE

Legislation

No committee activity of interest to report.

Summary of Hearings

Efforts to Elevate Environmental Protection Agency to Cabinet-Level Status At a hearing held on September 9 of the Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs (Committee on Government Reform) members heard testimony from Administration representatives expressing support for elevating the EPA to cabinet-level status while at the same time reorganizing the EPA’s structure. James Connaughton, Chairman of the White House Council on Environmental Quality, and Marianne Horinko, Acting Administrator of EPA supported *H.R. 2138 – Department of*

Environmental Protection Act, which was introduced by Doug Ose (R/CA). The bill also reorganizes the agency's structure to improve oversight and coordination between EPA's headquarters and regional offices and improve implementation of policy and science initiatives. Switching from a structure comprised of offices that focus on pollution source and media, the new configuration would establish offices that focus on mission-oriented themes. The proposed reorganization would include the Office of Policy, Planning and Innovation; Office of Science and Information; and an Office of Implementation, Compliance and Enforcement. Mr. Connaughton and Ms. Horinko recommended modifying the bill to provide additional flexibility in managing communications between headquarters and the regional offices. Democrats support *H.R. 37-Department of Environmental Protection Act*, a bill introduced by Sherwood Boehlert (R/NY) that elevates EPA to cabinet level-status without changing the agency's structure (which, up until this point, was also supported by the Administration). No date has been given for a markup of *H.R. 37*.

SENATE

Legislation

National Parks Recreational Fee Program On September 9, the Subcommittee on Parks (Committee on Energy and Natural Resources) held a hearing on whether to formalize the National Park Services' recreational fee collection program. *S. 1107 - Recreational Fee Authority Act of 2003*, introduced by Craig Thomas (R/WY), would allow parks to determine their entrance fee and use 80 percent of the funds collected toward park improvements. Assistant Secretary of the Interior, Lynn Scarlett, expressed support for the bill, but recommended altering language to create an interagency national pass in order to build linkages with states and other communities.

Summary of Hearings

Federal Role in Managing Nation's Electricity On September 10, the Committee on Governmental Affairs held a hearing entitled, "Keeping the Lights On: The Federal Role in Managing the Nation's Electricity." Testimony was received from Kyle McSillarow, Deputy Secretary of Energy; Pat Wood, of the Federal Energy Regulatory Commission (FERC); and a panel of state utility commission representatives. Mr. McSillarow reported on the progress of three working groups organized under the U.S. – Canada Natural Gas Task Force. The Electric System Working Group, led by the Department of Energy (DOE) and FERC and experts from DOE's national laboratories will conduct interviews with utility operators and analyze data leading up to the blackout. The interviews will be used to determine the cause of the blackout and to construct recommendations on how to address problems and devise technical standards for grid management. Steps already taken to streamline policy regarding the electricity grid include the completion of an electric grid study in May 2002, and the formation of DOE's Office of Electric Transmission and Distribution. Mr. McSillarow stated that the Administration's future plans support "incentive-based rates to promote capital investment in new transmission and technological upgrades to existing transmission" as well as a "goal of regional coordination and planning through the mechanism of voluntary regional transmission organizations that would provide certainty to the marketplace, prevent undue discrimination, and assist in eliminating transmission constraints." Mr. Wood advised Congress to alter transmission policy by creating mandatory reliability rules for market players, repealing the *Public Utility Holding Company Act* to encourage and provide incentives for grid improvements, providing tax neutrality for utilities wishing to transfer transmission assets to RTOs, and providing FERC with backstop transmission siting authority. Alan Schriber of the Ohio Public Utilities Commission (PUC) stated that the power outage on August 14 was not the result of a failure of deregulation in the State of Ohio. He said, "All of this is to say that retail deregulation, which has been adopted by less than half the states with a modicum of success, should not be a relevant consideration."

All commissioners generally agreed that the Federal Government should create mandatory reliability standards and require that utilities join RTOs.

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III. NEW LEGISLATION

FY2004 Appropriations. Provided below are the most recent updates to pending FY2004 appropriations bills.

COMMERCE, JUSTICE, STATE			
		Frank Wolf (R/VA) Subcommittee Chair	Judd Gregg (R/NH) Subcommittee Chair
Key Program Activity	House Bill	Senate Bill	Budget Request
	H.R. - 2799 (H. Rpt. 108-221)	S. 1585 – (S. Rpt. 108-144)	\$37.685 billion
	Current Status: Passed the House on July 23. Total Funding: \$37.9 billion	Current Status: Passed the Committee on Appropriations on September 4 Total Funding: \$37.6 billion	Statement of Administration Policy
Department of Justice			<u>Administration supports passage of House bill,</u> but encourages House adoption of
U.S. Marshals Service (FY 2003 appropriations unknown)	<u>Total Funding:</u> \$1.371 million (for construction)	<u>Total Funding:</u> \$25.964 million (for construction)	proposed rescission of \$188 million from Bureau of Prisons prior-year
Federal Bureau of Investigation (FY 2003 appropriations \$1.25 million)	<u>Total Funding:</u> \$1.242 million (for construction).	Total Funding: (not provided)	construction funds to encourage prison construction alternatives.
Bureau of Prisons (FY 2003 appropriations unknown.....)	<u>Total Funding:</u> \$202.840 million (for construction, modernization, maintenance and repair of prison and detention facilities). <u>Committee recommends bill language, which allows:</u> (1) for planning, acquisition of sites, and	<u>Total Funding:</u> \$345.8 million (for construction, modernization, maintenance, and repair)	Administration opposes \$120 million reduction in Embassy Security, Construction and Maintenance account for new Berlin

	construction of facilities; (2) for acquisition, remodeling, and equipping facilities by contract or force account; (3) up to \$14 million to construct inmate work areas.	Embassy.
Department of Commerce		
National Institutes of Standards (FY 2003 appropriations totaled \$65.46 million)	<u>Total Funding: \$ 62.590 million</u> (for construction and major renovations). Committee directs NIST to report on progress of construction projects on a quarterly basis beginning with the 2 nd quarter of FY 2004.	<u>Total Funding: \$84.6 million</u> (for construction)
National Oceanic and Atmospheric Administration (FY 2003 appropriations totaled \$903.41million)	<u>Total Funding: Unspecified Funding Level</u> (for construction of facilities). Committee notes that final 5-year facilities plan requested by the committee has not been provided and remains concerned that NOAA has not taken necessary efforts to propose consolidation of existing facilities or disposal of certain facilities, and expects that the plan will address these concerns.	<u>Total Funding: Unspecified Funding Level</u> (for construction of facilities)
Department of State		
Embassy Security, Construction, and Maintenance (FY 2003 appropriations totaled \$523 million and \$732.7 million)	<u>Total Funding: \$22.313 million and \$346 million</u> (for non-security capital program and operations and maintenance for facility rehabilitation, maintenance, and repair of buildings respectively).	<u>Total Funding: Unspecified Funding Level</u> (for construction and renovation of overseas facilities) (Includes unspecified funding level for energy conservation)

TRANSPORTATION, TREASURY, AND GENERAL GOVERNMENT

	<i>Ernest Istook (R/OK) Subcommittee Chair</i>	<i>Richard Shelby (R/AL) Subcommittee Chair</i>	<u>Budget Request</u>
Key Program Activity	House Bill	Senate Bill	\$27.802 billion
	H.R. 2989 (H. Rpt. 108-243)	S. 1589 (S. Rpt. 108-146)	
	Current Status: Passed the House on June 24. Total Funding: \$89.594 billion	Current Status: Passed the Committee on Appropriations on September 4. Total Funding: \$44.782 billion	
Department of Transportation			
New Department of Transportations Headquarters Building	<u>Total Funding: \$45 million</u>	<u>Total Funding: \$45 million</u>	
General Services Administration			
Federal Building Program (FY 2003 appropriations totaled \$1.626 billion for new construction, repairs and alterations, and \$8 million for energy projects)	<u>Total Funding:</u> \$406.168 million(for construction and acquisition, \$3.308 billion for rental of space, and \$6.458 million for repairs and restoration)	<u>Total Funding:</u> \$659.668 million (for construction and acquisition, \$3.278 billion for rental of space, and \$1.001 billion for repairs and alterations, and \$169) (Includes \$5 million for the energy program, \$34.737 million for the design program) (Energy Savings Performance Contracts – improved energy efficiency and conservation at Federal facilities is important component of economical use of public dollars and protection of environment. Committee is aware of GSA's leadership in energy and energy cost savings and use of ESPCs in particular. Since ESPC authority was granted, GSA	

		has entered into 30 contracts with annual energy savings totaling 400,000 but at aggregated project investment of \$89 million. Committee commends GSA's efforts and encourages expanded use of ESPCs by GSA and other government agencies at locations where such contracts will lead to further energy and energy cost savings.)	
Department of the Treasury			
Treasury Building and Annex Repair and Restoration (FY 2003 appropriations totaled \$28.744 million)	<u>Total Funding:</u> \$25 million	<u>Total Funding:</u> \$25 million	
White House Repair			
White House Repair and Restoration Project (FY 2003 appropriations totaled \$1.192 million)	<u>Total Funding:</u> \$4.225 million (for ongoing restoration, which includes various electrical, mechanical and control system components)	<u>Total Funding:</u> \$4.225 million	
VETERANS' ADMINISTRATION/HUD			
	<i>James Walsh (R/NY)</i> <i>Subcommittee Chair</i>	<i>Christopher Bond (R/MO)</i> <i>Subcommittee Chair</i>	<u>Budget Request</u>
Key Program Activity	House Bill	Senate Bill	\$89.434 billion
	H.R. 2861 (H. Rpt. 108-235)	S.1584 (S. Rpt 108-143)	<u>Administration supports passage of House bill.</u>
	Current Status: Passed the House on July 25. Total Funding: \$90 billion	Current Status: Passed the Committee on Appropriations on September 4. Total Funding: \$62 billion	

**Department of
Veterans' Affairs**

**Major Construction
Projects** (FY 2003
appropriations
totaled \$144.79
million)

Total Funding: \$272.690
million

Total Funding: \$272.690
million

**Minor Construction
Projects** (FY 2003
appropriations
totaled \$210.7
million)

Total Funding: \$252.144
million

Total Funding: \$252.144
million

**Environmental
Protection Agency**

**Buildings and
Facilities** (FY 2003
appropriations
totaled \$42.918
million)

Total Funding: \$42.918

Total Funding: \$42.918
million

STATUS OF FY 2004 APPROPRIATIONS BILLS

(In Millions)

HOUSE

SENATE

<i>Jurisdiction/ FY 2004 Budget Request</i>	<i>302(b) Allocations / Approved Funding Level</i>	<i>Bill No.</i>	<i>Full Cmte. Mark Up</i>	<i>Floor Vote</i>	<i>Conf.</i>	<i>302(b) Allocations/Approved Funding Level (New)</i>	<i>Bill No.</i>	<i>Full Cmte. Mark Up</i>	<i>Floor Vote</i>	<i>Conf.</i>
Agriculture \$17,141	\$17,005	<i>H.R.</i> 2673	6/25	7/14		\$17,005	<i>S.</i> 1427	7/17		
Commerce \$37,685	\$37,914	<i>H.R.</i> 2799	7/16	7/23		\$37,014	<i>S.</i> 1585	9/4		
Defense \$371,698	\$368,662	<i>H.R.</i> 2658	6/26	7/8		\$368,662	<i>S.</i> 1382	7/9	7/17	
Energy and Water Development \$26,946	\$27,080	<i>H.R.</i> 2754	7/15	7/18		\$27,313	<i>S.</i> 1424	7/17		
Homeland Security \$27,481	\$28,521	<i>H.R.</i> 2555	6/17	6/24		\$28,521	<i>H.R.</i> 2555	7/10	7/24	
Interior \$19,552	\$19,627	<i>H.R.</i> 2691	6/25	7/17		\$19,627	<i>S.</i> 1391	7/10		
Labor / HHS \$137,990	\$138,046	<i>H.R.</i> 2660	6/25	7/10		\$137,601	<i>S.</i> 1356	6/26	9/10	
Military Construction \$9,237	\$9,196	<i>H.R.</i> 2559	6/17	6/26		\$9,196	<i>S.</i> 1357	6/26	7/11	
Transportation and Treasury \$27,802	\$27,502	<i>H.R.</i> 2989	7/24	9/9		\$27,502	<i>S.</i> 1589	9/4		
VA/HUD \$89,434	\$90,034	<i>H.R.</i> 2861	7/21	7/25		\$90,034	<i>S.</i> 1584	9/4		

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(Note: Once a new bill is introduced, the Government Printing Office generally requires from several days to one week to make the bill available in print)

HOUSE

Number	Short title	Date	Sponsor	Status
H.R. 3036	No Short Title	9/9/03	Frank Sensenbrenner (R/WI)	Referred to Committee on the Judiciary
<p>Authorizes appropriations for the Department of Justice for FY 2004 – 2006 and includes the following provisions for construction-related expenses:</p> <p><i>For FY 2004</i></p> <p>Federal Bureau of Investigation: Shall not exceed \$1.250 million for construction.</p> <p>U.S. Marshals Service: Shall not exceed \$1.371 million for construction.</p> <p>Fees and Expenses of Witnesses: Shall not exceed \$6 million for construction of protected witness safe sites.</p> <p><i>For FY 2005</i></p> <p>Federal Bureau of Investigation: Shall not exceed \$1.250 million for construction.</p> <p>U.S. Marshals Service: Shall not exceed \$1.371 million for construction.</p> <p>Fees and Expenses: Shall not exceed \$6 million for construction of protected witness safe sites.</p> <p><i>For FY 2006</i></p> <p>Federal Bureau of Investigation: Shall not exceed \$1.250 million for construction.</p> <p>U.S. Marshals Service: Shall not exceed \$1.371 million for construction.</p> <p>Fees and Expenses of Witnesses: Shall not exceed \$6 million for construction of protected witness safe sites.</p>				
H.R. 3061	No Short Title	9/10/03	Corrine Brown (D/FL)	Referred to Committee on Veterans' Affairs

Number	Short title	Date	Sponsor	Status
	<p>Authorizes for FY 2004, major medical facility projects for the Department of Veterans Affairs (VA) in connection with the Capital Asset Realignment for Enhanced Services initiative and to satisfy VA requirements on natural disasters.</p> <p>Authorization of major medical facility projects includes:</p> <ul style="list-style-type: none"> ➤ Construction of a health care facility in East Central Florida, \$170 million ➤ Improvements of VA Medical Center in San Juan, Puerto Rico, \$30 million <p>Construction of health care facility in Las Vegas, Nevada, \$250 million</p>			

SENATE

Number	Short title	Date	Sponsor	Status
<i>S. 1605</i>	No Short Title	9/10/03	Daniel Graham (D/FL)	Referred to Committee on Veterans' Affairs
	<p>Authorizes for FY 2004, major medical facility projects for the Department of Veterans Affairs (VA) in connection with the Capital Asset Realignment for Enhanced Services initiative and to satisfy VA requirements on natural disasters.</p> <p>Authorization of major medical facility projects includes:</p> <ul style="list-style-type: none"> ➤ Construction of a health care facility in East Central Florida, \$170 million ➤ Improvements of VA Medical Center in San Juan, Puerto Rico, \$30 million ➤ Construction of health care facility in Las Vegas, Nevada, \$250 million 			

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IV. ADMINISTRATION INITIATIVES

Administration's Views on Comprehensive Energy Legislation On September 10, Secretary of Energy Spencer Abraham sent a letter to Senator Pete Domenici (R/NM), Chair of the Conference Committee on Energy Legislation and the Committee on Energy and Natural Resources. The purpose of the letter was to state the Administration's position on various provisions contained in H.R. 6 – Energy Policy Act of 2003, which the House and Senate are currently negotiating to reconcile differences between the two chambers bills. Administration views of interest include the following:

Electricity Reliability and Modernization

The Administration commends both the House and Senate for including electricity titles that would modernize and improve our electricity laws, achieving many of the Administration's

policy objectives to improve reliability, protect consumers, increase supply, and promote efficient markets.

In particular, the Administration strongly supports the following provisions included in both versions of H.R. 6 that will substantially improve the reliability of the Nation's transmission grid. The Administration strongly supports provisions in both bills to (1) establish mandatory and enforceable reliability rules to reduce the risk of power outages; (2) expand investment in transmission and generation facilities by repealing the Public Utility Holding Company Act (PUCHA); and (3) advance the development and deployment of new technology necessary to fully modernize the transmission grid.

Renewable Fuels Standard

The Administration supports the renewable fuels provisions and, in particular, supports the renewable fuels program adopted as part of an amendment to S. 14, and urges the conferees to adopt it at Conference.

Hydrogen

The Administration is pleased that both the House and Senate versions of H.R. 6 authorize funding for the President's Hydrogen Fuel Initiative and FreedomCAR programs. We look forward to working with the Conferees to refine these provisions further, including clarifying the appropriate roles and authorities for various Federal and State agencies, as well as the private sector in these important initiatives.

However, the Administration opposes specific provisions in each bill that set unrealistic targets and timetables for hydrogen vehicle sales or use of hydrogen fuel, as well as the fuel cell purchase requirements contained in the Senate bill.

Fuel Economy

The Administration supports improving fuel economy while protecting passenger safety and jobs. In general, the Corporate Average Fuel Economy (CAFE) provisions in both House and Senate bills are consistent with the Administration's view that the National Highway Traffic Safety Administration (NHTSA) should set fuel economy standards taking into account the findings and recommendations of the congressionally-mandated National Academy of Sciences (NAS) CAFE report. However, the Administration opposes provisions contained in both the Senate amendment to H.R. 6 and the Bond-Levin amendment to S. 14 adopted by the Senate that would require a multi-year NHTSA rulemaking for both passenger cars and light trucks without also providing statutory authority for NHTSA to consider the full range of CAFE reform options, including the recommendations of the NAS.

Tax Provisions

The President's FY 2004 budget included tax incentives totaling \$8 billion over 10 years. These were dedicated to alternative and renewable fuels, conservation, energy efficiency and emissions-free energy. The Administration is concerned that the House and Senate bills contain tax provisions whose total revenue loss significantly exceeds the Administration's policy...tax provisions in the final bill should reflect the President's priorities of environmental protection and energy conservation.

To read the Administrations comments in more detail on these and other provision in *H.R. 6*, visit the DOE web site at www.energy.gov/engine/content.do?PUBLIC_ID=14126&BT_CODE=PR_PRESSRELEASES&TT_CODE=PRESSRELEASE.

U.S. – Canada Task Force on Natural Gas Secretary of Energy Spencer Abraham announced last week that the task force continues to investigate the causes of the August 14 electricity outage and is not yet prepared to reveal the results of their examination. During a press conference, the Secretary said, “the investigation is far from complete. Much more work remains, and it will be several more weeks before we know all the answers.” The task force was established by the President to determine the cause(s) of the blackout and provide recommendations for preventing similar problems in the future.

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V. HEARINGS SCHEDULE

HOUSE – COMMITTEE ON APPROPRIATIONS

There are no hearings of interest to report.

HOUSE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
September 16 – Select Committee on Homeland Security	Christopher Cox (R/CA)	Hearing – Blackouts and cyber security	Robert Liscouski, Department of Homeland Security	9:30 a.m. Room 2118 Rayburn Office Building
(NEW)				
September 17 – Committee on Resources	Richard Pombo (R/CA)	Hearing – Forest Service’s fee demo program	Barry Hill, GAO Tom Thompson, National Forest System Robert Funkhouser, Western Slope No-Fee Coalition Jason Robertson, American Whitewater Raquel Jones, small business owner in Lytle Creek, Calif.	2:00 p.m. Room 1334 Longworth Office Building

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>September 18 –</i> Task Force on Natural Gas <i>(NEW)</i>	Billy Tauzin (R/LA) and Richard Pombo (R/CA)	<i>Hearing –</i> Recommended action items to encourage a stable supply of natural gas to ease prices.	18-Member Task Force; Co-Chairs are Billy Tauzin (R/LA) and Richard Pombo (R/CA)	2:00 p.m. Room 2123 Rayburn Office Building

SENATE – COMMITTEE ON APPROPRIATIONS

There are no hearings of interest to report.

SENATE – AUTHORIZATIONS/OVERSIGHT

Date/Committee	Chair	Hearing Title/Issues	Witnesses	Time/Location
<i>September 18 –</i> Committee on Environment and Public Works <i>(NEW)</i>	James Inhofe (R/OK)	<i>Hearing –</i> To examine the nomination of Michael Leavitt, Governor of Utah, to be Administrator of the Environmental Protection Agency.	Michael Leavitt	9:00 a.m. Room 406 Dirksen Office Building
<i>September 17 –</i> Committee on Energy and Natural Resources <i>(NEW)</i>	Pete Dominici (R/NM)	<i>Committee Vote –</i> On the nomination of Sudeen Kelly to FERC	N/A	10:00 a.m. Room 366 Dirksen Office Building

HOUSE-SENATE CONFERENCE COMMITTEE NEGOTIATIONS/FLOOR VOTES

Date and Action Item	Topic	Location
<i>Week of September 15 –</i> Conference Committee – review of “Chairman’s Mark” <i>(NEW)</i>	<i>H.R. 6 – Energy Policy Act of 2003</i>	TBA

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